INCLUDES THE EXPORT/IMPORT EDITION . . . . . PAGE 71A

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APRIL 1992

TRAFFIC MANAGEMENT

For Buyers of Transportation/Services/Equipment

John McQuaid: Bullish on Intermodal

PAGE 33

Annual Salary Survey Results

PAGE 42

Why Ethyl Corp. Takes Safety Seriously

PAGE 50

INTERMODAL SPOTLIGHT

How Shippers Measure Intermodal Service

PAGE 26

classification of 150 or higher. UPS says that before it applies the higher tariffs, it will sit down and explain the 07 rate structure to affected customers.

Regrettably, the prospects for resolving the undercharge mess seem to get dimmer and dimmer. Consider this: Up until a few weeks ago, a shipper group called CURB (Coalition for an Undercharge Relief Bill) and the American Trucking Associations were that close to working out a compromise solution to the balance-due–bill fiasco. Then out of the blue, the trucking group announced it could not support any legislative remedy to the undercharge situation. So now it looks like we're back to square one, with the truckers, Teamsters, and collection agencies intractably on one side and the shippers on the other.

The nation's railroads have a new man to lead them through the unpredictable '90s. He's Edwin L. Harper, the newly elected president of the Association of American Railroads. A former executive with Campbell Soup Co., Harper succeeds long-time AAR President Bill Dempsey, who retired a few months ago. In addition to working at Campbell Soup and several other corporations, Harper boasts some political experience that should serve him well at AAR's Washington headquarters. He served as policy assistant to President Reagan and also did a stint at the Nixon White House.

Looking for a job? Know someone looking? Or maybe you're trying to fill an opening? If you answered yes to any of these questions, get a copy of the Council of Logistics Management's Executive Placement Listing. The listing includes the name, address, and phone number of 71 placement firms nationwide that currently place logistics/distribution management personnel. Each listing gives information on the area of primary placement activity (e.g., traffic/transportation, warehousing, etc.). Also shown is the approximate range of salaries for searches undertaken by that particular firm. For a free single copy of the CLM placement listing, circle Reader Service Number **129.**

North Penn Transfer has joined that growing fraternity of LTL motor carriers that have called it quits. After suffering successive losses in its recession-plagued Northeast market, North Penn decided to close its doors. At one point, a glimmer of hope existed that the 45-year-old carrier could continue operating under Chapter 11 protection. But that was extinguished when management and the Teamsters failed to reach agreement on a restructured labor pact. North Penn's assets, which reportedly include 300 power units and 700 trailers, will be liquidated.

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FOR BUYERS OF TRANSPORTATION/SERVICES/EQUIPMENT

About our cover:
Learn how shippers are applying quality-management techniques to intermodal services.
Page **26**

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Features

26 Intermodal Spotlight

26 Cover Story: Getting the most from intermodal

Most intermodal providers promise quality. Here's how top shippers make sure they deliver.

33 Does intermodal have a future?

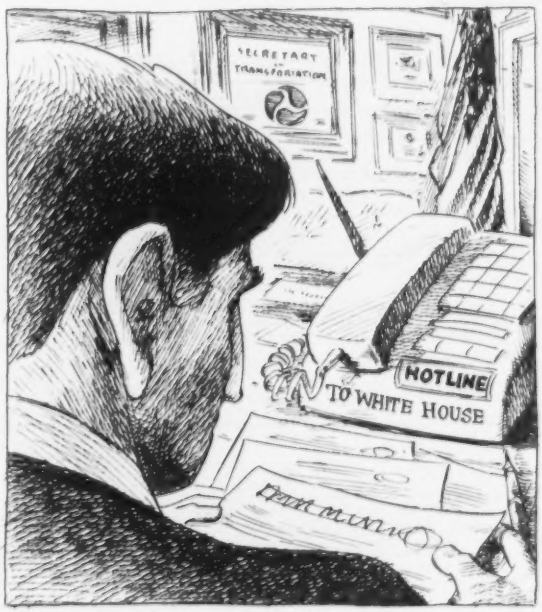
IANA head John McQuaid is bullish in light of recent developments.

42 Annual Salary Survey: Feeling the pinch

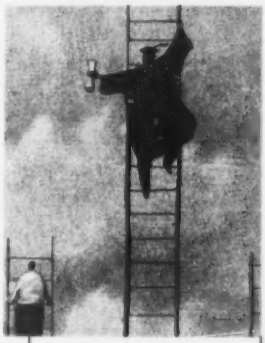
Salary survey reflects today's recessionary times—more duties, smaller staffs, and few raises.

50 Taking safety seriously

Ethyl Corp. leaves nothing to chance when moving hazardous chemical shipments.



New DOT Secretary Andrew Card's White House connections should help put transportation issues on the front burner.
Page **13**



Our annual salary survey shows how the recession is affecting logistics managers' jobs.
Page **42**

News

13 DOT Secretary Card Confirmed

14 Mixed Outlook For Air Cargo

14 RPS Takes to The Air

15 ICC Report Praises Dereg

15 Editor's Notebook

16 New Service From Con-Way

18 UPS Expands Natural-Gas Use

18 Carolina Enters Third-Party Arena

Departments

7 Editorial

11 Logistics Cost Index

20 Bohman on Pricing

23 Effective Negotiating

57 Logistics Strategy

59 Hazardous Materials

61 New Products & Services

67 Economic Update

FEELING THE PINCH

Salary survey reflects today's recessionary times—more duties, smaller staffs, and few raises.

The results of ***Traffic Management***'s eighth annual salary survey reveal a nation mired in a stubborn recession. The average 1992 salary for a ***Traffic Management*** reader was $47,487. That's a rise of less than 1 percent over last year's figure of $47,144. It should come as no surprise, then, that almost 17 percent of the 1,800-plus respondents to our survey reported receiving no salary increase last year whatsoever.

Besides the absence of extra money in the paycheck, there were other indications of economic hard times in our survey. Most respondents said they were supervising smaller staffs, while their job responsibilities were increasing.

Those were among the leading findings of our 1992 survey. This year, we tabu-

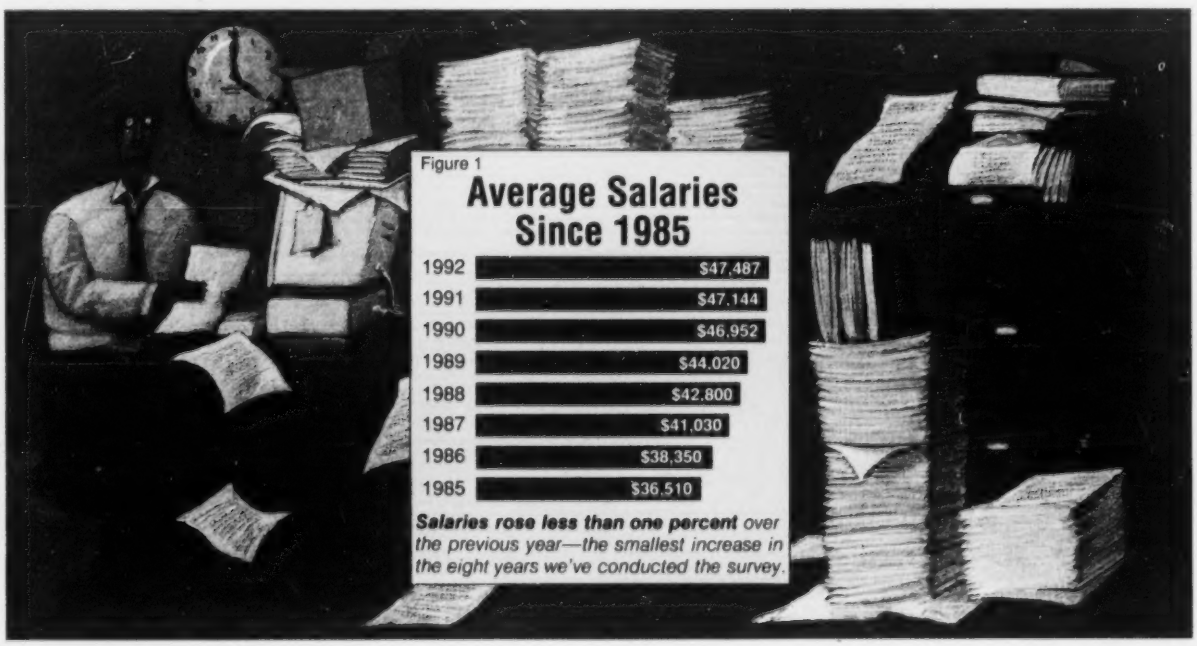


Figure 1

Average Salaries Since 1985

1992	$47,487
1991	$47,144
1990	$46,952
1989	$44,020
1988	$42,800
1987	$41,030
1986	$38,350
1985	$36,510

Salaries rose less than one percent *over the previous year—the smallest increase in the eight years we've conducted the survey.*

lated 1,845 reader responses to the salary questionnaire, mailed in our December 1991 and January 1992 issues. The responses were tabulated by the Research Department of Cahners Publishing Co., the publisher of ***Traffic Management.***

Throughout the eight years ***Traffic Management*** has profiled the earning power of logistics managers, the findings have reflected the nation's economic health. During the boom years of the '80s, salaries rose an average of 5 percent annually. In the past two years, salary levels have reached a plateau as the economy has stagnated (see Figure 1).

Although the average salary increased by a fraction of a percentage point from 1991 to 1992, respondents in general reported that they had received raises—in fact, the average raise reported by respondents was just over 5 percent. Although that doesn't seem logical at first glance, a review of the data offers an explanation. Most of the respondents at the bottom of the wage scale reported minimal raises while those at the top generally received larger increases. For example, 40 percent of those earning less than $25,000 a year reported that they had received no raise at all or a raise of less than 3 percent. By contrast, only 22 percent of those earning more than $75,000 reported receiving raises in this low range.

In addition, the number of college graduates responding to our salary survey continues to shrink (generally, the lower the level of education, the smaller the paycheck). This year, only 45 percent of the respondents had a four-year college degree. Last year, that number stood at 54 percent, and, in 1989, some 60 percent of the respondents had college degrees.

Figure 2

Meet John (or Jane) Doe

Salary	$47,487
Increase Over 1990	5.24 percent
Years of Experience	15.24
Years With Company	14.35
Years In Current Position	7.26
Number of Subordinates	7.79
Age	42.2

45 percent of survey recipients have a college degree

Here's a profile of our average respondent, *based on information provided by more than 1,800* ***Traffic Management*** *readers.*

Figure 3

Logistics Staffs Declining

The average number of persons supervised *by survey respondents has steadily declined over the past few years.*

Figure 4

Salaries by Job Title

VP/General Manager	$61,657
Corporate/Divisional Manager	64,445
Logistics Manager	57,831
Operating Manager	51,857
Private Fleet Manager	50,769
Sales/Marketing Manager	50,595
Other	48,471
Warehouse/DC Manager	44,955
Traffic Manager	43,052
Asst. TM/Supervisor	37,842

Salaries for all job titles *except Vice President/General Manager went up this year. VPs' salaries hit a high of over $78,000 last year.*

Impact of a Recession

But if anything reflects at a glance the impact of the recession, it's the composite profile of the average survey respondent (see Figure 2). For one thing, this profile indicates that logistics professionals are playing it safe and sticking with their current jobs in these times of high unemployment. Last year, the average respondent had spent 11 years with the same company. This year, the number jumped to 14 years. Similarly, our survey respondents reported an average of 7.3 years in their current positions, compared to 5.8 years in our 1991 survey.

What makes the impact of the recession so striking in the data is that other characteristics in our profile corresponded exactly to our findings one year ago. Like last year, our "average" survey respondent for 1992 is 42 years old and has 15 years of experience in distribution. As also was the case last year, 87 percent of the respondents were men.

Yet the most interesting change in our composite profile was the decrease in supervisory responsibility. In the 1986 survey, the average number of persons supervised by the survey sample was 17. Last year, that average was 13. This year, however, that figure fell to just under 8. Those results indicate that logistics staffs are getting leaner as American companies downsize and computer technology replaces

Gender Gap Still Yawning

***TM*'s eighth annual survey found no change in the pay gap between men and women working in logistics. As has been the case with the past seven surveys, male respondents continue to earn more than females. This year, the average annual wage for a male respondent was $49,060; for females, that figure was $35,949. Women, however, can find some consolation in the fact that among this year's respondents, the average man's salary dropped $83 from 1991 while their pay increased by some $2,174 over last year.**

One reason for the continued disparity is that women remain frozen out of the high-paying jobs. A whopping 97.3 percent of the respondents earning $75K or more were men. In fact, only 20 percent of the female respondents averaged more than $50,000 in annual earnings compared to 40 percent of the males. Conversely, 23 percent of the total women respondents earn less than $25,000, compared with only 4 percent of the men.

When it comes to the jobs at the top, most of the titles (vice president, corporate manager, or logistics manager) are held by male respondents to our survey. About 21 percent of the male respondents laid claim to one of the top three job titles, compared to 9 percent of female respondents.

Another reason for the pay gap pertains to experience and education. By and large, the male respondents have had more formal educa-

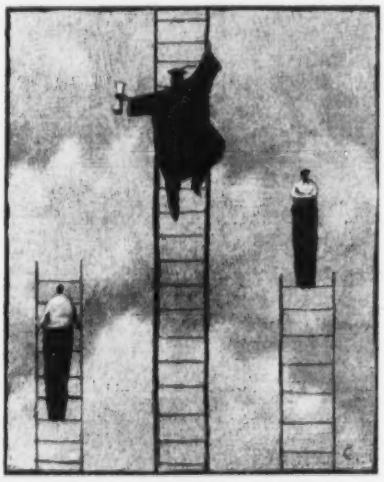
people (see Figure 3).

Further proof of thinning staffs was supplied by the respondents' answer to the question: Has the number of assigned functions increased in the past year? A whopping 79 percent said their duties increased in 1991. This contrasts with the 16 percent who said their duties remained the same and the 5 percent who now perform fewer functions. By the way, the readers reporting the largest increase in assigned functions came from the retail-trades, where nine out of 10 reported increases.

The Importance of a Title

When it comes to pay, though, it's clear that job title counts heavily. The salary differential between the highest-paid title (vice president/general manager) and the lowest (assistant traffic manager/supervisor) was some $23,800 (see Figure 4).

Interestingly, this year, six of the salary titles surveyed commanded an average yearly paycheck in excess of $50,000. Last year, only three titles (vice president, corporate manager, and logistics manager) translated into salaries in the $50K range



or above. As if more proof of the recession were needed, the average annual salary for vice presidents responding to our survey fell from $78,265 in last year's survey to $61,657 this year.

The average traffic manager, on the other hand, is faring somewhat better this year. The salary for respondents with a traffic manager title, who represent about one-third of the total survey sample, stood at $43,052. That's some $3,000 higher than it was last year. Those respondents with assistant traffic manager titles also saw a slight rise in pay. In this year's survey, they reported an average salary of $37,842 in contrast to $35,808 last year.

Not surprisingly, the highest-paid individuals in our survey are those with a relatively broad range of responsibilities. The average annual salary of respondents who said their main job function was distribution and logistics was $54,375. That was followed by persons whose main function was planning, with $53,928 (see Figure 5).

At the opposite end of the spectrum are those respondents indicating a narrower scope of job function, i.e., traffic or transportation. They earn $44,397 on average. One step up were individuals whose chief function is materials handling. Their salaries averaged $45,000.

With only a couple of exceptions, our survey found that the more staff members you supervise, the higher your salary (see Figure 6). On average, someone supervising 3.4 workers reported a salary of less than $25,000 per year while a supervisor of 10 workers earned more than $75,000. (As an interesting aside, though, private-fleet managers supervise more employees, with an average of 14 subordinates.)

Years of experience also factor into the size of the paycheck. Individuals with 30 years' or more experience earn an average annual salary of $56,242. In comparison, those with five or fewer years of experi-

Figure 5

Salaries by Main Job Function

Distribution/Logistics	$54,375
Planning	53,928
Other	50,126
Sales/Marketing	48,780
Fleet Operations	47,720
Computer Systems	46,000
Import/Export Operations	45,823
Inventory Control	45,799
Warehousing	45,476
Materials Handling	45,000
Traffic/Transportation	44,397

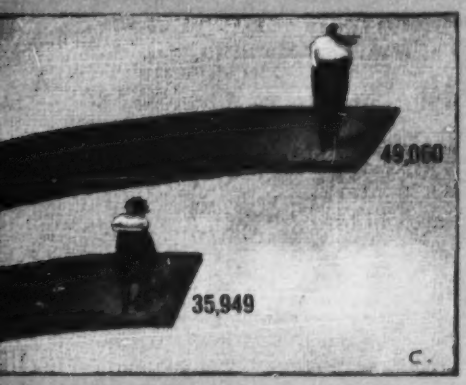
***Year after year, respondents** with distribution/logistics responsibilities receive the highest pay. Traffic/transportation functions stay at the bottom of the list.*

Figure 6

Salaries Relative to Supervisory Load

Salary Range	Average Number of Subordinates
Less Than $25,000	3.38
$25,000 to $29,999	5.87
$30,000 to $34,999	6.80
$35,000 to $39,999	7.37
$40,000 to $44,999	8.30
$45,000 to $49,999	7.60
$50,000 to $59,999	8.86
$60,000 to $74,999	8.30
More than $75,000	10.09

***It's still true** that the more people you supervise, the higher your salary, but the number of subordinates in each salary range has declined.*



tion than the females. Of those holding an MBA degree, 92 percent were men. As for college degrees, 46 percent of the male-respondent pool had college degrees, compared with 32 percent of the women in our survey.

The men in our survey also had much more experience in the logistics field. Virtually all of the respondents with 30 years' or more experience were men. By contrast, a full 59 percent of the female respondents had less than 10 years' experience. Overall, the average woman had 10.4 years of logistics experience compared with 15.9 for a male counterpart.

Age is another key factor in the earnings disparity. The average male respondent was 43 years old, compared to 37 for the females. As women in the field get older and gain experience, it's likely that the gender discrepancy in paychecks will shrink.

Figure 7

Salaries by Experience and Age

Experience	
5 Years or Less	$37,252
6-10 Years	44,039
11-14 Years	45,331
15-19 Years	49,974
20-29 Years	53,271
30 Years or More	56,242
Age	
30 or less	$35,227
31-40	51,327
41-50	50,285
51-60	52,140
Over 60	52,716

Age and experience both play a role *in determining salary. Respondents see a steady rate of increase as they accumulate experience.*

Figure 8

Salaries by Education Level

MBA	$58,370
Other Graduate Degree	52,876
College Degree	49,359
Some College	44,646
High School	42,627

An MBA degree still garners *the highest pay, but the gap between MBAs and those with four-year undergraduate degrees narrowed this year to about $9,000.*

ence average $37,252 (see Figure 7). Age also plays a factor, albeit much less than experience, in compensation levels. Respondents aged 60 or older earn on average $52,716, while those 30 and younger receive $35,227.

Education Pays

As might be expected, educational background has a BIG impact on earning power. An individual with an MBA degree brings in an average salary of $58,370, according to our survey (see Figure 8). That sum, by the way, represents a slight decrease from last year's average MBA salary of $64,010. Only about 9 percent of this year's respondents, incidentally, reported having an MBA.

Postgraduate degrees other than the MBA have less of an impact. About 5 percent of the survey respondents had other graduate degrees, but they only made $52,876 a year on average. Individuals who hold a college degree, on the other hand, make an average of $49,359. Some 45 percent of this year's respondents had college diplomas.

Those with some college education—about 37 percent of the respondents—received $44,646. That group did only slightly better than those with only a high-school diploma. This group of respondents, 22 percent of the salary sample, made just a little less, with an average salary of $42,627 a year.

Where the Bucks Are

In addition to education and experience, the survey also examined how such factors as company location (see Page 46), industry type, and freight bill affect an individual's wages. Looking first at industry type, we found that as with previous surveys, respondents working in transportation-service companies and public warehouses were the highest-paid, earning $54,958 and $52,173 respectively. The primary-metals industry was another high-paying industry for readers (see Figure 9 for the full details).

Likewise, the industries on the bottom where compensation is concerned were basically the same as in past surveys. The furniture industry paid its distribution professionals an average salary of $36,785—the lowest of all. One step up on the compensation ladder was the fabricated-metal-products industry, which paid an average salary of only $41,311 for distribution expertise.

One of the biggest determinants in average salary was the size of the company for which a survey respondent worked, as measured by the annual transportation bill. A distribution professional employed by a company that spent more than $20

Figure 9

Salaries Ranked by Industry

Transportation Services	$54,958
Public Warehousing	52,173
Primary Metals	50,988
Chemicals	50,268
Instruments	49,444
Wholesale Trade (non-durable goods)	48,796
Transportation Equipment	47,796
Food and Beverage	47,653
Retail Trade	47,563
Textiles and Apparel	47,268
Paper	47,162
Printing and Publishing	47,083
Electrical/Electronic Equipment	46,840
Rubber and Plastics	45,178
Wholesale Trade (durable goods)	44,904
Stone/Clay/Glass	44,756
Machinery (except electrical)	41,379
Fabricated Metal Products	41,311
Furniture and Fixtures	36,785

Salary rankings by industry *have been fairly consistent over the years. Only retail trade, which dropped from third to ninth, and primary metals, moving up from fourteenth to third, changed significantly this year.*

million on freight earned an average yearly paycheck of $56,272 (see Figure 10). Conversely, those respondents working at companies that spend $1 million or less on transportation received about $40,500 in yearly wages.

Figure 10

Salaries and Freight Expenditures

Freight Expenditures	Average Salary
Less than $500,000	$40,522
$500,000 to $1 million	40,685
$1 million to $5 million	47,478
$6 million to $20 million	50,558
Over $20 million	56,272

There's no question *that the more a company spends on transportation services, the more it pays the people who manage transportation and distribution.*

Most Still Optimistic

As might be expected in a year where salary hikes were minimal and job responsibilities increased, our survey found respondents slightly more pessimistic about the future job outlook. In the wake of the U.S. victory in the Persian Gulf last year, some 61 percent of survey respondents were optimistic or somewhat optimistic about their career and salary prospects. This year, however, only 58 percent expressed optimism about the future. Considering the marginal increase in wages and the overall plight of the economy, there didn't appear to be much change in mood from year to year.

Interestingly, the survey respondents' view of the future seems to be largely determined by where they stand on the salary ladder. Of those earning less than $25,000, 31 percent were pessimistic about their futures. On the other hand, among those earning $75,000 or more, only 11 percent expressed pessimism.

By all accounts, the slim rise in earning power reported in 1992 is an obvious reflection of the depressed state of the national economy. Although the years of annual increases of 5 percent or more may be, like junk bonds, a thing of the past, logistics professionals can take some small comfort in that their earning power hasn't *fallen* along with interest rates.

If the economy perks up this year as many economists predict, logistics professionals could reasonably expect to see wage levels improve. Next year's survey, then, should offer some crucial indicators about future earnings in our field. After all, if salaries rise with a recovering economy, we may be able to dismiss the past couple of lean years as simply a blip in the business cycle. However, if salaries languish at current levels, then some other factors may be at work. Look to ***Traffic Management's*** survey next year for more light on that question. **TM**

Home Sweet Home

If you're willing to move anywhere in the country for a job and money is your main objective, then the place to go is New York City. Our eighth annual survey found that the average salary for a logistics professional was highest in the Big Apple—averaging $57,666.

This should come as no surprise. New York City was the number-one ranked city for pay last year as well, and it has placed in the top 10 in all the past seven surveys. Other areas that continue to be ranked at the top are Houston (number 10 this year and 2 last year), San Francisco-Oakland (number 5 this year, and number 3 last year), and Northern New Jersey (number 8 this year and number 4 last year).

A host of new cities, though, did make it into our top 10 rankings this year. Surprisingly, Cincinnati, where respondents reported an annual average salary of $55,166, scored number two. The number-three spot went to Denver. The Mile-High City reported an average salary of $54,285. As for the number-four spot, it went to that area in and around Hartford and New Haven, Conn., which has hovered in the low teen rankings in our surveys for years. The average salary for that area was $52,625.

The Top-Paying Metropolitan Areas

New York City	$57,666
Cincinnati	55,166
Denver	54,285
Connecticut	52,625
San Francisco/Oakland	52,348
Cleveland/Akron	52,105
Baltimore	51,666
Northern New Jersey	51,666
Chicago	51,210
Houston	51,209

As already stated, San Francisco-Oakland came in fifth in our tally with $52,348. The sixth ranking belonged to Cleveland/Akron with $52,105. In the seventh spot was Baltimore, which last year ranked fifth. Maryland's largest city reported an average salary of $51,666.

Holding the eighth position in our rankings was Northern New Jersey, where the average salary also was $51,666. In ninth place was Chicago with $51,210. The Windy City moved up one notch from last year, when it ranked 10th. Rounding out the top 10 was Houston with $51,209.

If you want to avoid low-paying areas in the logistics field, stay away from the northern tier of our country. At the bottom of our list of 25 cities was Milwaukee, where respondents' salaries averaged $43,088. Just slightly higher on the scale was Buffalo in 24th place with $44,250 and Minneapolis/St. Paul with $44,903. Not only is it colder and snowier in Buffalo or the Twin Cities, but the pay climate apparently is chillier than on the two coasts or in the lower Midwest.